

# Demand Media post 4Q profit, revenue rises 33 pct

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(AP) -- Online content manufacturer Demand Media Inc. made money for the first time in the fourth quarter.

It posted earnings of \$1 million in the final three months of 2010, compared with a loss of \$3.9 million in the prior year.

But the positive results turned into a loss for accounting purposes because of preferred stock that converted to common shares as part of Demand Media's [initial public offering](#) of stock last month. Factoring in that conversion, Demand Media lost \$7.6 million, or 54 cents per share. That conversion formula won't affect Demand Media's future results.

Revenue totaled \$73.6 million, a 33 percent increase from the prior year's \$55.5 million.

Demand Media assigns roughly 13,000 freelance writers to produce stories about frequently searched topics and then sells ads alongside the content at its own websites, including eHow.com and Livestrong.com, and about 375 Internet other destinations operated by its partners. They include the National Football League and Gannett Co.'s USA Today, the nation's second-largest daily newspaper.

The search-driven approach to generating low-cost articles has caused some journalism purists to deride Demand Media as a "content mill," but Wall Street seems to love the idea so far.

Demand Media's stock has already surged more than 30 percent from its IPO price of \$17, leaving the company with a market value of nearly \$1.9 billion after closing Tuesday at \$22.88, up 1 percent. In extended trading after the release of results, shares lost 58 cents, or 2.5 percent, to \$22.30.

Until the latest quarter, Demand Media had lost money since its inception four years ago, accumulating losses of \$53 million through the third quarter. The \$1 million fourth-quarter income is higher than the upper range of Demand Media's forecast in a regulatory filing last month.

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